

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 COME-00 AID-05 CIAE-00 EB-07 FRB-03

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2531

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LIMITED OFFICIAL USE LISBON 2227

PLEASE PASS USDOC, OIM/SOUTHERN EUROPE/PORTUGAL

E.O. 11652: N/A

TAGS: ELAB, BGEN, PO

SUBJ: TAKE-OVER OF U.S. FIRM: A. H. LUNDBERG LDA.

REF: WHITE-TURNER TELCON APRIL 11

1. COMMERCIAL ATTACHE VISITED A. H. LUNDBERG LDA. OF LISBON AND MET WITH WORKERS COMMITTEE MEMBERS NASCIMENTO, CARDOSO AND MARRECOs. ALSO CHECKED LOCAL COMMERCIAL SOURCES. FOLLOWING INFORMATION OBTAINED.

2. MAJOR PORTUGUESE STOCKHOLDER (A.H. LUNDBERG INC. OF U.S. OWNS 50 PERCENT) MAJOR FARIA AMARO LEFT PORTUGAL FEBRUARY 1975 FOR SWITZERLAND, REPORTEDLY FOR POLITICAL REASONS. IN EARLY MARCH WORKERS ELECTED ONE WORKERS COMMITTEE TO MANAGE JOINTLY LUNDBERG LDA. AND FOUR OTHER FIRMS IN TECNIL (SOCIEDADE TECNICA DE EQUIPAMENTOS INDUSTRIAS LDA.) GROUP. COMMITTEE MEMBERS REPORT THEY NOT EMPLOYEES OF LUNDBERG AND NOT PAID OUT OF LUNDBERG COMPANY FUNDS.

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3. MANAGEMENT OF FIRM BY WORKERS COMMITTEE NOT LEGITIMIZED

BY GOVERNMENT OF PORTUGAL. COMMITTEE CLAIMS THAT SECRETARY OF STATE FOR LABOR IN LABOR MINISTRY ORALLY GAVE THEM PERMISSION TO MANAGE FIRM AND THAT GOVERNMENT AGENCY TO SUPPORT SMALL AND MEDIUM ENTERPRISES HELPED THEM OBTAIN OPERATING FUNDS FOR TECNIL GROUP FIRMS. THEY EXPECT TO MEET WITH SECRETARY OF STATE FOR INDUSTRY WITHIN TWO WEEKS TO LEGALIZE SITUATION. WORKERS COMMITTEE EXPECTS GOP TO NAME GOP ADMINISTRATOR AT THAT TIME TO PARTICIPATE IN MANAGEMENT.

4. WORKERS MAINTAIN THEY ABLE TO PAY LICENSING FEES TO LUNDBERG INC. ONLY AFTER RECEIPT AND SALE OF RAW MATERIALS THEY NOW AWAITING FROM LUNDBERG INC.

5. WORKERS STATE THEY WISH CONTINUE WORKING WITH LUNDBERG INC. AND ARE ANXIOUSLY LOOKING FORWARD TO MEETING WITH PARKINSON NEXT WEEK.

6. COMMENT: IN PAST GOP HAS OFFICIALLY INTERVENED AND IMPOSED MANAGEMENT (UNDER DECREE LAW 660/74) IN SEVERAL CASES WHERE OWNER(S) HAS LEFT PORTUGAL. NOT CLEAR WHAT GOP WILL DO IN THIS CASE GIVEN FACT IT IS 50-50 VENTURE WITH U.S. FIRM; HOWEVER, THERE ARE PRECEDENTS FOR INTERVENTION IN FIRMS AT LEAST PARTIALLY OWNED BY FOREIGN INVESTORS (GRAO PARA AND PAO DE ACUCAR SUPERMARKETS--BOTH BRAZILIAN INVESTMENTS--AND COMPANHIAS REUNIDAS DE GAS E ELECTRICIDADE (CRGE)--20 PERCENT BELGIAN OWNED).

7. EMBASSY RECOMMENDS PARKINSON PROCEED TO LISBON TO TALK TO ALL INTERESTED PARTIES. EMBASSY WILL PROVIDE APPROPRIATE ASSISTANCE.
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